

Matthew Crouch and Charlene Williams;

(iii) From June 27, 1990 to October 21, 1991: Paul F. Crouch, Philip Crouch, Jane Duff, Allan Brown, Matthew Crouch and Charlene Williams;

(iv) From October 21, 1991 until the account was closed on April 20, 1992: Paul F. Crouch, Jane Duff, and Matthew Crouch.¹⁵

(d) This account was opened on June 22, 1988 and closed on April 20, 1992.

(4) United States National Bank of Oregon

(a) Account Number 098-0016-794

(b) United States National Bank of Oregon

(c) Authorized Signators are: Jim McClellan, Mark Fountain, Philip Crouch and Charlene Williams.¹⁶

(d) This account was opened on January 8, 1990 and remains open.

(5) NCNB Texas National Bank

(a) Account Number 07-6931-5

(b) NCNB Texas National Bank

(c) Authorized signators are: Paul F. Crouch, Jane Duff, Philip Crouch, Charlene Williams, Darlene Eve, Tim R. Ullery.¹⁷

¹⁵The signature cards for this account are appended as Attachment 3C.

¹⁶Signature cards are appended as Attachment 3D.

¹⁷See signature cards appended as Attachment 3E.

- (d) The account was opened on September 14, 1988 and was closed on December 16, 1991.

(6) First Interstate Bank of California

- (a) Account numbers 339-528245, 339-328246, and 339-228241
- (b) First Interstate Bank of California
- (c) Signators on these three accounts are:
 - (i) From December 9, 1991 to January 15, 1992: Paul F. Crouch, Jane Duff, and, Matthew Crouch; and,
 - (ii) From January 15, 1992 to the present: Paul F. Crouch, Jane Duff, Matthew Crouch, Terrence Hickey, and Allan Brown.
- (d) These three accounts were opened on December 9, 1991 and remain open.¹⁸

3.2 NMTV's bank accounts include zero balance accounts (Bank of California account number 204-204-082 and First Interstate Bank of California account number 339-228241); money market accounts (Bank of California account number 204-413-382 and First Interstate Bank of California account number 339-528245); and concentration accounts (Bank of California account number 204-205-566 and Interstate Bank account 339-328246). This arrangement allows money to be pooled for interest accrual and accounting ease on a daily basis into the concentration account, and then as expenses and checks are paid, or deposits to the money market account are made, money is transferred from the concentration account to the specified accounts. The money market account, which was first

¹⁸See Signature cards appended as Attachment 3F.

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established at the Bank of California in September 1991 (and subsequently transferred to the Interstate Bank of California) allows interest accrual on a significant sum. To show the considerable level of activity and the volume of checks on NMTV's accounts, enclosed as Attachment 3G are copies of its bank statements for its money market account from September 1991 through April 1992, and its concentration account from January 1990 through December 1991.¹⁹

3.3 NMTV's directors and officers sign on its accounts as well as other individuals which are designated and so authorized from time to time. As long as TTV/NMTV has been in existence non-directors and non-officers have had the power to and have, from time to time, handled checks and drafts and other financial matters. NMTV's organizational minutes of September 19, 1980 were filed in connection with the KMLM(TV), Odessa, Texas assignment (BAPCT-870203KF)²⁰ and noted that checks, drafts, and other evidences of indebtedness could be endorsed for deposit by any officer and "Patricia Colavecchio," who was not a principal of NMTV

¹⁹If the Commission desires to see records going further back, NMTV will be happy to make them available. It should also be noted that only the Commission's copy has the actual balances and transaction amounts. This financial information is confidential pursuant to section 0.457(d) of the Commission's rules, and section 5 U.S.C. §552(b)(4). Accordingly, these figures have been redacted from the copies being served upon the other participants in this proceeding. TBN and NMTV respectfully request that this information not be made available for public inspection.

²⁰See Attachment 1B.

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with Mrs. Duff and may have spoken to Mr. Vandever on one or two occasions.

5. "Describe the source(s) of all funds used by NMTV for the purchase of KNMT(TV) and the LPTV stations. Provide copies of all loan documents used in connection with the acquisition and operation of KNMT(TV) and the LPTV stations by NMTV."

5.1 The money necessary to purchase KDTX(TV) (now KNMT(TV)) was borrowed from the Trinity Broadcasting Network. The monies were borrowed, or advanced by TBN to NMTV, with the understanding that the monies would be repaid, without interest, from the revenues generated by unrestricted donations from the zip codes served by NMTV. NMTV had the same understanding with TBN concerning the construction of KMLM(TV), Odessa. NMTV began paying for KNMT(TV) under this Agreement when it went on the air in November 1989.

5.2 NMTV also currently operates the following licensed television translator facilities:

- (1) K33DE, Little Rock, Arkansas;
- (2) K56DZ, Fresno, California;
- (3) W18AY, Portland, Maine;
- (4) W62BV, Charlotte, North Carolina;
- (5) W24BK, Columbus, Ohio;
- (6) W68CD, Toledo, Ohio; and,
- (7) K36CJ, Salt Lake City, Utah.²²

²²NMTV has nine CP's, as listed in note 1, supra, and six pending applications for additional television translator facilities. Those pending applications are:

Channel 51, Hartford, Connecticut (application);
Channel 51, Lake Charles, Louisiana (application);
Channel 59, Syracuse, New York (application);
Channel 53, Temple, Texas (application);
Channel 20, Massena, New York (application); and,
Channel 38, Panama City, Florida (application).

5.3 NMTV borrowed funds from TBN to construct K56DZ, Fresno, California on the same terms as it received funds for KMLM(TV). NMTV relied on its own revenues and assets in the construction and operation of its television translator facilities constructed since 1990.

6. "Describe the financial relationship, if any, between Trinity and NMTV. Provide copies of all loans, security agreements and financial arrangements between Trinity and NMTV."

6.1 NMTV has borrowed money from and relied upon Trinity for financing its start-up costs and broadcast expansion. Their relationship began in 1980 when NMTV (then Translator TV, Inc.) was formed and filed for several television translator facilities in 1980. Those applications include applications for: channel 51, Dallas, Texas; channel 60, San Bernadino, California; channel 50, St. Louis, Missouri; channel 51, San Francisco, California; channel 63, Sacramento, California; channel 42, Washington, D.C.; channel 51, Las Vegas, Nevada; channel 47, Crestline, California; channel 57, Portland, Oregon; channel 57, Spokane, Washington; channel 55, Cleveland, Ohio; channel 42, Philadelphia, Pennsylvania; channel 50, Columbus, Ohio; channel 57, Rockford, Illinois; channel 56, Houston, Texas; channel 43, Fort Worth, Texas; and, channel 50, San Antonio, Texas. A representative copy of those applications, a CP application for Channel 56, Houston, Texas, filed December 5, 1980 and amended February 18, 1991 and April 9, 1981, is appended as Attachment 6A. As the application shows in Section II, Question 7, Translator TV, Inc. noted it was associated with Trinity Broadcasting Network, Inc. by virtue of the fact that it shared two

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common directors. At that time, Dr. Paul Crouch and Mrs. Duff were directors of Trinity Broadcasting Network, Inc., and Translator TV, Inc.²³

6.2 Many of Translator TV's applications, including those for Washington, D.C., San Antonio, Fort Worth and others included a "Petition For Waiver of Section 74.702 of the Commission's Rules" ("Petition"), a representative copy of which is also included in Attachment 6G. The Petition argued for a waiver of the Commission's then extant rules based on the fact that Translator TV, Inc. proposed to rebroadcast TBN's programming and argued that the broadcast of this Christian/religious programming, as "specialty programming" under the Commission's rules, served the public interest.

6.3 Moreover, the financial qualification exhibit submitted with the channel 56, Houston application (Exhibit Four) showed that to the extent Translator TV, Inc.'s fundraising efforts did not provide the needed construction financing, monies would be borrowed from the Trinity Broadcasting Network. Indeed, the February 18, 1981 and April 9, 1981 amendments contained detailed disclosures on the financial commitment Trinity had made to Translator TV, Inc., totalling \$1,252,250. (See February 18, 1981 amendment, Attachment 4B to application--Attachment 6A appended). These disclosures

²³Mrs. Duff was a director of TBN and its associated organizations from 1980 to 1985. See, for example, Attachment 6B, a copy of TBN's 1983 Ownership Report for KTBN-TV, Santa Ana, California.

included balance sheets and financial statements for both TBN and TTV.

6.4 From its inception, Translator TV, Inc. has relied upon loans from the Trinity Broadcasting Network to finance station construction, and this fact was fully disclosed to the Commission where the Commission requested or required the information.²⁴ TTV and NMTV, from the first application for a translator on channel 51 in Dallas, Texas, filed November 5, 1980, to the present, has disclosed its program affiliation with Trinity where this information was requested or required by the FCC. Likewise, since its first application, through every application listing broadcast holdings and in every Ownership Report filed by NMTV or TBN with the Commission, the connection between TBN's principals and NMTV's principals has been disclosed.²⁵

6.5 In September 1991, when NMTV responded with the affidavit of Mrs. Duff to the September 13, 1991 letter of inquiry from the Commission's Video Services Division in the Wilmington assignment, a copy of an August 23, 1991 Secured Promissory Note between NMTV and TBN was submitted (another copy is provided as Attachment 6C). While other monies had previously been borrowed by NMTV from TBN,

²⁴It is also significant to note that the applications disclosed that a controlling number of Translator TV, Inc.'s directors (Dr. Crouch and Mrs. Duff) were also a controlling number of TBN's directors; both organizations had three directors each.

²⁵See, for example, the October 11, 1989, November 7, 1989 and November 15, 1990 Ownership Reports for NMTV's former facility in Odessa, Texas, KMLM(TV), and the WTGI-TV, Wilmington, Delaware assignment (BALCT-910329AE).

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as noted in section 5 above, formal notes were not executed. The two organizations keep track of the funds borrowed by means of a general ledger/trial balance, which is incorporated in the annual certified audit for NMTV and TBN. Copies of NMTV's and TBN's audited financial statements are appended as Attachments 6D and 6E, respectively.²⁶ The audits begin with 1980 and go through 1990. The 1991 audits are being completed now, and if the Commission desires copies they will be provided as soon as they are ready. Also, the debts of NMTV to TBN are reflected on the annual tax returns filed by NMTV. (Copies of NMTV's tax returns, IRS Form 990, are appended as Attachment 6F.) An affidavit from the independent certified public accountants preparing NMTV's and TBN's audits, Gregory Goodyear, of Goodrich, Goodyear & Hinds, is also appended as Attachment 6H. This affidavit confirms the loans advanced by TBN to NMTV, and reports that the advances are properly reported on both organizations' books. The Affidavit also provides that at the end of 1990 NMTV owed TBN \$4,251,848 and that the preliminary audit for 1991 shows that amount has been reduced to \$4,130,442.

6.6 NMTV's agreement with TBN regarding audits and the maintenance of financial records was memorialized in its January 26, 1987 directors resolution, which authorized and appointed Trinity Broadcasting Network as NMTV's accounting agent to aid in

²⁶As financial information pursuant to section 0.457(d) of the Commission's rules remains confidential, the copies of the audited financial statements served on the other parties include no figures. TBN and NMTV request that this information not be made available for public inspection.

"the processing of donations, payment of accounts payable, the receipt of payments due this corporation and the preparation of financial statements."

6.7 Under its affiliation agreement with Trinity, NMTV receives revenues from TBN based upon the amount of unrestricted contributions received from the zip codes served by its Portland (and previously its Odessa) facility.²⁷ Trinity retains 20 percent of unrestricted revenues as payment for its programming, and, by agreement of the parties, Trinity retains an additional 10 percent to pay-down the loans/advances extended to NMTV.²⁸

7. "Provide a copy of the commitment letter executed on December 7, 1990 between NMTV and the Bank of California in the amount of \$3,600,000 in connection with the proposed purchase of WTGI-TV, Wilmington, Delaware."

7.1 Please see Attachment 7.

8. "Provide a copy of all agreements existing between Trinity and NMTV for the carriage of Trinity programming on KNMT(TV) and the LPTV stations."

8.1 A copy of the October 21, 1988 and December 4, 1989 Affiliation Agreements between NMTV and Trinity are appended as Attachment 8A. TBN and NMTV have no written agreement concerning the broadcast of TBN programming on NMTV's translator facilities. Unrestricted revenue from the station's service area, using zip

²⁷Copies of NMTV's Affiliation Agreements with Trinity were submitted to the Commission in this proceeding on February 18, 1992. (Courtesy copies are appended as Attachment 8A.)

²⁸In the August 23, 1991 Secured Promissory Note between NMTV and TBN established for NMTV's acquisition of WTGI-TV, Wilmington, the monies borrowed were to be repaid over a ten-year term. However, there is no such requirement with regard to NMTV's previous loans/advances from TBN.

- (d) April 23, 1990
- (e) Same as I(1)(e) above.
- (f) Same as I(1)(f) above.
- (g) Same as I(1)(g) above.
- (h) No.

(6) Julie Draper

- (a) 3616 Northeast 42nd Street
Portland, Oregon 97213
- (b) On-Air Operator/Technician
- (c) November 11, 1989
- (d) November 12, 1989
- (e) Jane Duff
- (f) Same as I(1)(f) above.
- (g) Same as I(1)(g) above.
- (h) No.

10.2 NMTV employs no one in connection with the operation of its television translator facilities. Independent contractors are hired to conduct periodic checks and to be available to shut down the facility or address other emergencies. Mrs. Duff oversees the television translator facilities, and relies on the technical assistance of Ben Miller, Trinity's Director of Engineering. Mrs. Duff, on behalf of NMTV, also uses Mr. Miller's services in helping to address any technical issues which arise in connection with NMTV's television translators, including making recommendations to her regarding which independent contractors should be engaged, and then overseeing the proper conduct of those contractors.

GLENDALÉ BROADCASTING COMPANY

EXHIBIT NO. 84

MM DOCKET NO. 93-75



Paul F. Crouch
President and Founder

Norman G. Juggert
General Counsel

Colby M. May
Communications Counsel

Jay A. Sekulow
Chief Litigation Counsel

MEMORANDUM

TO: The Board of Directors
National Minority TV, Inc.
432 Northeast 74th Street
Portland, Oregon 97213

FROM: Trinity Broadcasting Network

DATE: July 31, 1992

RE: Supplemental Letter Agreement Regarding Monthly Withholdings to be Attributed
Towards Annual Note Repayments

This memorandum is intended to confirm the understanding between the Trinity Broadcasting Network and National Minority TV, Inc. (NMTV) regarding repayment of the following promissory notes:

<u>Date of Note</u>	<u>Face Amount of Note</u>
July 31, 1992	\$4,030,442.47

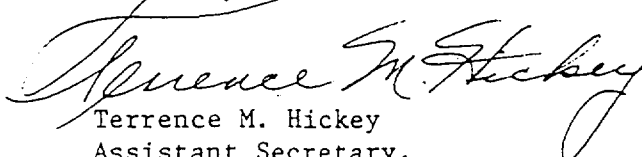
Each of the above notes requires that NMTV make annual payments, with any balance of principle and interest to balloon upon the maturity date of the note. To help NMTV, and to simplify matters, beginning August 1, 1992 Trinity will begin to withhold, on a monthly basis, 10 percent of all revenues generated on behalf of NMTV in accordance with its Affiliation Agreements for KNMT, Portland, Oregon. This 10 percent withholding by Trinity will be in addition to the 20 percent currently withheld as payment to Trinity for its programming and services under the Affiliation Agreement.

The additional 10 percent withholding will be aggregated annually, and at the end of the year if the amounts withheld by Trinity on behalf of NMTV exceed NMTV's annual payment obligations under the notes referenced above, then the surplus will be used to prepay a portion of the then outstanding principle balance. Should the monthly withholdings not be sufficient to cover the annual payments under the notes, then NMTV will be responsible to make up the difference.

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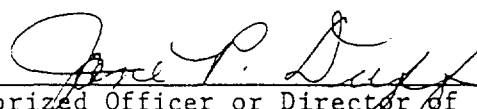
In order to memorialize this supplemental understanding, and to confirm these procedures, Trinity will need to have a copy of this memorandum signed and dated by an authorized representative of NMTV, and returned for inclusion in our permanent files.

Sincerely,



Terrence M. Hickey
Assistant Secretary,
Trinity Broadcasting Network

Read and agreed this 31 day of 7, 1992.

By: 
Authorized Officer or Director of
National Minority TV, Inc.

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GLENDALE BROADCASTING COMPANY

EXHIBIT NO. 85

MM DOCKET NO. 93-75



**NATIONAL
MINORITY
TELEVISION
INC.**

P.O. Box C-11949, Santa Ana, CA 92711

May 21, 1992

Dr. E.V. Hill
Mt. Zion Missionary Baptist Church
1308 East 50th Street
Los Angeles, CA 90011

Dear Dr. Hill:

Enclosed are the minutes for the NMTV board meeting held May 8th.

Please sign the minutes and return to me for inclusion in the NMTV minute book.

Thank you for your assistance in this matter.

Sincerely,

JANE DUFF
Director

JD:sd

Enclosure

00597

Federal Communications Commission

Docket No. 12-75 Exhibit No. 64 85

Presented by Co. Telephone

Identified DEC 31 1933

Disposition Received

Rejected DEC 31 1933

Reporter A. Wehner

Date 3 1933

GLENDALÉ BROADCASTING COMPANY

EXHIBIT NO. 86

MM DOCKET NO. 93-75

**MINUTES OF
BOARD OF DIRECTORS MEETING OF
NATIONAL MINORITY TELEVISION, INC.
OCTOBER 15, 1992**

A special meeting of the Board of Directors of National Minority Television, Inc. was held on October 15, 1992 with all directors participating, except Phillip Aguilar, who was unable to attend due to an engagement in San Francisco.

The Board of Directors considered the possibility of participating in a Specialized Small Business Investment Company, being organized by a California corporation, Community Brace, Inc. Rev. Hill stated that he would not participate in the discussion, as he was an officer and director of Community Brace, Inc. and anticipated that stock in the corporation would be issued to him.

The President explained that Community Brace, Inc. would provide business loans to African Americans in the Los Angeles area and that the goals of Community Brace in attempting to assist the economic development of minorities was identical to the goals of National Minority Television, Inc. The President also mentioned that the corporation could offer opportunities for minorities, and particularly, African Americans to become involved in telecommunications and to receive valuable business training.

The board discussed its responsibility to the minority community and the positive qualifications of those already involved in Community Brace, Inc.

The board also discussed the need of the corporation for funding of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000.00), which the federal government will match once the corporation is operational.

It was then moved, seconded and passed that the corporation provide Community Brace, Inc. with funding in the amount of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (1,500,000.00) to be in the form of a loan and an investment in the stock of the corporation.

It was further resolved and passed that the President and Secretary of the corporation are authorized and empowered to determine and negotiate the amount to be used to acquire stock and the amount and terms of the loan to Community Brace, Inc.

It was further moved, seconded and passed that the President and Secretary shall be authorized and empowered to negotiate a loan as required to provide such funding to Community Brace, Inc. and to negotiate such terms and conditions for said loan as they deem reasonable.

TBN/BRACE

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Those present discussed the desirability of using a letter of credit to provide funding for Community Brace, Inc. and the requirement of the corporation bank, First Interstate, or a resolution in accord with their approved forms.

The following resolution was then adopted:

Resolved, that any of the following acting alone: Paul F. Crouch, President, or Jane Duff, Secretary, of this corporation are hereby authorized, from time to time, in the name of this corporation to secure letters of credit or to obtain credit, with or without security, separately or jointly, from **FIRST INTERSTATE BANK OF CALIFORNIA** (hereinafter called the "Bank"), in such sums and upon such terms as may seem advisable to such officers. Said officers are authorized, with or without the corporate seal, to execute notes, drafts, guarantees, subordination agreements, applications and agreements for letters of credit, acceptance agreements, foreign exchange contracts, or other contracts or agreements of any type as evidence thereof or in connection therewith, and to pledge, assign, mortgage or hypothecate and to execute security agreements, financing statements, mortgages and deeds of trust upon or give trust receipts for such property of this corporation as may be agreed upon between them and Bank as security for any obligations of this corporation, now or hereafter existing. Any instruments executed hereunder are to be in such form and contain such terms and conditions as may be required by Bank.

Any one of such officers is authorized from time to time in the name of this corporation to endorse and discount with Bank, notes, drafts, trade acceptances, contracts and other paper at anytime owned or held by this corporation, and to guarantee payment thereof ad to authorize and request Bank to purchase, exchange, sell or otherwise deal in or with stocks, bonds and other instruments, securities or property, all on such terms as such officer may approve.

Any one of such officers is also authorized to direct the disposition of the proceeds of any such obligation, and to accept from or direct delivery by Bank of any property of this corporation at any time held by Bank.

The authority given hereunder shall be deemed retroactive and any and all acts authorized hereunder performed prior to the passage of this resolution are hereby approved and ratified. The authority herein conferred shall continue in full force and effect until written notice of its revocation shall be received by Bank at

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each office of the Bank in which any account or credit of this corporation may be located.

Rev. E. V. Hill did not vote on any of the above-referenced resolutions.

The meeting then adjourned.

Dated: 10-16-92

Jane Duff
Jane Duff, Secretary

CONSENT OF ABSENT BOARD MEMBER

Phillip Aguilar, hereby consents to the above-referenced meeting and approves all resolutions adopted at said meeting.

Dated: 10-18-92

Phillip Aguilar
Phillip Aguilar

GLENDALÉ BROADCASTING COMPANY

EXHIBIT NO. 87

MM DOCKET NO. 93-75